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SUBJECT: DAIRY GENETICS SUCCESS

¶1. Summary: This cable outlines 18 months of diplomatic work and USDA programs that resulted in a new market opening for U.S. farm exports to the European Union's largest new member, Poland. April 1 the Holstein Association USA and the Polish Federation of Cattle Breeders and Dairy Milk Producers signed a path-breaking deal led by FAS Warsaw which will lead to \$50 million in U.S. sales of bovine semen and embryos over the next five to seven years. The agreement reduces technical barriers to U.S. exports and gives our products a competitive playing field with Poland's EU partners. At the EU Member State level a targeted effort can open new markets for U.S. products and help our farmers.

A new U.S.-Polish Agreement in Agriculture

¶12. April 1, 2009, the Holstein Association USA's Gerardo Quaassdorf signed a mutual cooperation agreement with the Polish Federation of Breeders and Milk Producers, President Leszek Hadzlik, a farmer from Leszno. The agreement benefits both Polish and U.S. farmers through the exchange of genetics, training and education. This agreement followed a two-day training program held in the National Institute of Animal Breeding in Balice, Poland featuring expert speakers from Poland, the United States and the Czech Republic in the area of dairy herd breeding, classification, new technologies, and the EU regulatory framework for dairy and cattle breeding.

¶13. Growing out of FAS/USDA Warsaw's success from 2008 which rolled back the administrative burdens for animal genetics' imports put in place in late 2007 by the Polish Government, in 2009, FAS Warsaw with a USDA Emerging Markets Program grant increased the understanding and interest in the new U.S. breeding value system. The system indicates an animal's value by using DNA markers to predict efficacy as compared to progeny testing. This procedure cuts years off proving breeding stock to customers. America's elite bulls, just got supercharged. This leading edge science from USDA's Agricultural Research Service scientists displays U.S. technical superiority and encourages overseas partners to seek our products.

¶14. The Polish market for U.S. dairy livestock genetics experienced unprecedented growth since Poland joined the European Union in 2004 with about 20 percent annual growth. Poland is now near the top among member state dairy producers. Then, in the fall of 2007, Poland implemented animal genetics regulations that threatened to limit this rapid growth. The source of the new regulations was Poland's own Breeders Association. Instead of viewing high quality U.S. genetics as a means to improve their own animal economy, they viewed it with fear. Through education, recognition of Poland's own scientific achievements and diplomacy, the Polish Federation of Cattle Breeders and Milk Producers, Polish farmers and the Polish Ministry of Agriculture saw that Poland's competitiveness and future

in animal breeding depended on using the best science. By demonstrating mutual respect and trust and investing in training and education, the government of Poland and the Polish Federation showed their support by reversing several of the onerous new procedures and went further to open their markets to the United States. In January 2008, Ambassador Victor Ashe and USDA awarded Professor Henryk Jasiorowski a prize, recognizing his global contribution to agriculture. Former Deputy Director General of the UN Food and Agriculture Organization, Professor Jasiorowski was a pioneer cattle breeder that has worked with the United States for 50 years. Showing our respect for Professor Jasiorowski built trust for USDA's work.

THE 2009 USDA EMERGING MARKET
PROGRAMS IN DAIRY GENETICS

¶15. Cooperative programs that led to the final agreement included: A week-long seminar on genomics testing as a means to evaluate dairy cows that was held in early March 2009 in Washington D.C. This seminar was sponsored by the USDA's Emerging Markets Program and organized by Cooperative Resources International; a visit to the Holstein Association USA headquarters in Brattleboro, Vermont March 16-17 by members of the Polish Federation to develop a road map for future cooperation; and finally a dairy seminar co-sponsored and supported by the Polish National Animal Breeding Institute in Balice, Poland March 30-31 which brought together a wide group of Polish experts, including Federation members, government officials and U.S. experts to exchange practical information. Ms. Jane Shey, an expert on breeding and EU law, residing in Brussels, and a consultant to the National Association of Animal Breeders also

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attended the conference to discuss the European Union dairy programs and regulations providing invaluable support. Post notes to USDA program specialists in the Foreign Agricultural Service that the project was possible only with superb support from the Office of Capacity Building and Development and Office of Trade Programs.

WORK WILL AND SHOULD CONTINUE

¶16. The agreement signing will further cooperation; there are plans under way for dairy youth leadership training and classification training later this year and in 2010. There is more work to be done in terms of the new technology called genomics and Interbull, the EU-based international dairy bull classification system. While both the United States and the EU (and therefore Poland) participate in Interbull, there work that needs to be done to ensure Interbull will accept the new genomics technology. Educating EU Member States in this new technology and creating bridges between industries such as in Poland should speed their interest in leading Interbull to recognize the importance of including genomics in their rating system.

¶17. Comment. Central and Eastern European countries respect the United States and are willing to overlook the enticement of EU integration and money where the United States can demonstrate its willingness to be honest and our competitive superiority for win-win solutions. End comment.